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DOROTHY H. FERGUSON

RECORDATION NO. 5716-A

FILED 1230

July 7, 1988

JUL 11 1988 - 11 42 AM

8-193A019

JUL 11 1988 - 11 42 AM  
INTERSTATE COMMERCE COMMISSION  
FOR 8.13.00

ICC Washington, D.C.

Secretary **INTERSTATE COMMERCE COMMISSION**  
Interstate Commerce Commission  
12th and Constitution Avenues, N.W.  
Washington, D.C. 20423

Attention: Mildred Lee - Room 2302

- Re: 1) Salt Car Leasing Company/GWI Rail Management Corporation  
Lease Agreement  
2) Marine Midland Bank, N.A./Salt Car Leasing Company  
Assignment of Rents Agreement

Dear Secretary:

This law firm has served as legal counsel to Salt Car Leasing Company, GWI Rail Management Corporation and Marine Midland Bank, N.A. in connection with the above-referenced lease and assignment of rents for railroad cars. On their behalf, we enclose one fully-executed and acknowledged original of the documents described below and one certified true copy of the same, to be recorded pursuant to Section 11303 of Title 49 of the United States Code.

The first document is a Memorandum of Lease, a primary document, dated December 1, 1986.

The names and addresses of the parties to the document are as follows:

Lessor: Salt Car Leasing Company  
Attention: Mortimer B. Fuller, III  
157 Milton Road  
Rye, New York 10580

Lessee: GWI Rail Management Corporation  
Attention: Mortimer B. Fuller, III  
71 Lewis Street  
Greenwich, Connecticut 06830

100 OFFICE OF  
THE SECRETARY  
JUL 11 11 15 AM '88  
MOTOR OPERATING UNIT

Secretary  
Interstate Commerce Commission  
July 7, 1988  
Page Two

A description of the equipment covered by the document follows:

Twenty-five (25) one hundred-ton (4,427 cubic feet capacity) steel-covered hopper railroad cars bearing railroad reporting marks GWIX 97500 through 97506, 97510, 97517, 97522, 97525, 97527, 97530 through 97533, 97535, 97537, 97539 through 97544 and 97546.

A short summary of the document to appear in the index appears as follows:

Memorandum of Lease dated December 1, 1986 summarizing a lease agreement of even date herewith between Salt Car Leasing Company, 157 Milton Road, Rye, New York 10580, as Lessor, and GWI Rail Management Corporation, 71 Lewis Street, Greenwich, Connecticut 06830, as Lessee, providing for the lease of twenty-five (25) one hundred-ton (4,427 cubic feet capacity) steel-covered hopper railroad cars bearing railroad reporting marks GWIX 97500 through 97506, 97510, 97517, 97522, 97525, 97527, 97530 through 97533, 97535, 97537, 97539 through 97544 and 97546.

The second document is a Memorandum of Assignment, a secondary document, dated December 1, 1986. The primary document to which this document is connected is the above-referenced Memorandum of Lease.

The names and addresses of the parties to the Memorandum of Assignment are as follows:

Assignor: Salt Car Leasing Company  
Attention: Mortimer B. Fuller, III  
157 Milton Road  
Rye, New York 10580

Assignee: Marine Midland Bank, N.A.  
Attention: Emmett B. Boylan  
One Marine Midland Plaza  
Rochester, New York 14639

We request that this assignment be cross-indexed to GWI Rail Management Corporation and the primary document Memorandum of Lease.

Secretary  
Interstate Commerce Commission  
July 7, 1988  
Page Three

A description of the equipment covered by the document follows:

Twenty-five (25) one hundred-ton (4,427 cubic feet capacity) steel-covered hopper railroad cars bearing railroad reporting marks GWIX 97500 through 97506, 97510, 97517, 97522, 97525, 97527, 97530 through 97533, 97535, 97537, 97539 through 97544 and 97546.

A short summary of the document to appear in the index appears as follows:

Memorandum of Assignment dated December 1, 1986 summarizing an assignment of rents of even date therewith between Salt Car Leasing Company, 157 Milton Road, Rye, New York 10580, as Assignor, and Marine Midland Bank, N.A., One Marine Midland Plaza, Rochester, New York 14639, as Assignee, providing for the assignment of rents for twenty-five (25) one hundred-ton (4,427 cubic feet capacity) steel-covered hopper railroad cars bearing railroad reporting marks GWIX 97500 through 97506, 97510, 97517, 97522, 97525, 97527, 97530 through 97533, 97535, 97537, 97539 through 97544 and 97546.

A fee of Thirteen Dollars (\$13.00) is enclosed covering the recordation of both documents. Please return all documents not needed by the Commission for recordation to the undersigned at the address of our law firm indicated above.

Very truly yours,

HARTER, SECREST & EMERY



Charles D. Cramton

CDC/etg  
Enclosures  
cc: James B. Gray, Jr., Esq.  
Mortimer B. Fuller, III

1 5716  
RECORDATION NO. \_\_\_\_\_ FILED 1988

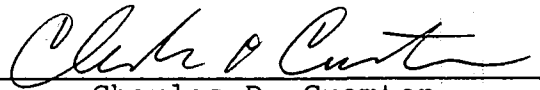
JUL 11 1988 - 11 24 AM

INTERSTATE COMMERCE COMMISSION

CERTIFICATE OF TRUE COPY

I, CHARLES D. CRAMTON, hereby state that I have compared the attached copy of the MEMORANDUM OF LEASE dated December 1, 1986, by and between Salt Car Leasing Company and GWI Rail Management Corporation with the original and found the copy to be complete and identical in all respects to the original document.

Dated: July 7, 1988

  
Charles D. Cramton  
Notary Public

CHARLES D. CRAMTON  
NOTARY PUBLIC, State of New York  
Qualified in Monroe County  
Commission Expires February 9, 1989

## MEMORANDUM OF LEASE

JUL 11 1988 11 24 AM

## INTERSTATE COMMERCE COMMISSION

THIS MEMORANDUM OF LEASE is made as of December 1, 1986, by and between SALT CAR LEASING COMPANY, a New York proprietorship of which Mortimer B. Fuller, III is the proprietor ("Lessor"), having a place of business at 157 Milton Road, Rye, New York 10580, and GWI RAIL MANAGEMENT CORPORATION, a New York corporation ("Lessee"), having a place of business at 3846 Retsof Road, Retsof, New York 14539.

## NOTICE IS HEREBY GIVEN AS FOLLOWS:

A. Lessor and Lessee have entered into a Lease, dated December 1, 1986 (the "Lease"). Lessor and Lessee desire to enter into this Memorandum of Lease, which is to be filed with the Interstate Commerce Commission, in order that third parties may have notice of the estate of Lessee in the Equipment and of the Lease; a copy of the Lease is being held by Lessee at its office having the mailing address stated above.

B. The Lease provides, in part, that for and in consideration of the mutual covenants and promises therein set forth, Lessor and Lessee have agreed as follows:

1. Lease. Lessor leases to Lessee and Lessee leases and hires from Lessor all hopper cars and other property ("Equipment" or "Cars") described in the schedule ("Schedule") executed by Lessor and Lessee and made a part thereof. A copy of the Schedule is attached to this Memorandum and made a part hereof.

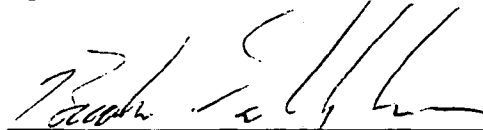
2. Term. The term of the Lease respecting each item of Equipment commences on December 1, 1986. Such term ends on November 30, 1991.

3. Rent. Lessee shall pay rent in an amount agreed upon to Lessor in advance at Lessor's address set forth below or at such other place as Lessor from time to time designates in writing to Lessee.

4. Lessee's Inspection; Conclusive Presumptions. If Lessor and Lessee shall execute the Schedule describing such Equipment, Lessee agrees that it shall be conclusively presumed, as between Lessor and Lessee, that Lessee has fully inspected such Equipment and acknowledged that such Equipment is in good condition and repair, and that Lessee is satisfied with and has accepted such Equipment in such condition and repair.

STATE OF CONNECTICUT)  
COUNTY OF FAIRFIELD ) ss.:

On this 4<sup>TH</sup> day of NOVEMBER, 1987, before me personally appeared Mortimer B. Fuller, III, to me personally known, who being by me duly sworn, says that he is the proprietor of SALT CAR LEASING COMPANY, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said proprietorship.

  
\_\_\_\_\_  
Notary Public

Brooks L. Gallagher

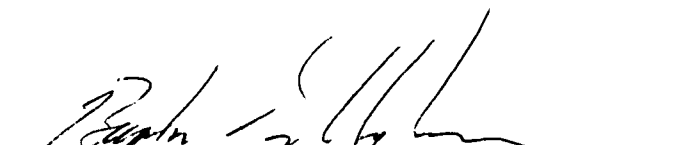
My commission expires:  
(Seal)

Notary Public

My Commission Expires March 31, 1990

STATE OF CONNECTICUT)  
COUNTY OF FAIRFIELD ) ss.:

On this 4<sup>TH</sup> day of Nov., 1987, before me personally appeared Mark W. Hastings, to me personally known, who being by me duly sworn, says that he is the Treasurer of GWI RAIL MANAGEMENT CORPORATION, that the seal affixed to the foregoing instrument is the seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

  
\_\_\_\_\_  
Notary Public

My commission expires:  
(Seal)

Brooks L. Gallagher

Notary Public

My Commission Expires March 31, 1990

7655K

This Memorandum of Lease pertains to the following property:

SCHEDULE

To Lease Dated December 1, 1986 between Salt Car Leasing Company  
and GWI Rail Management Corporation.

100-Ton, 4427 cubic feet capacity steel covered hopper cars.

Reporting Marks

Running Number

GWIX	97500
GWIX	97501
GWIX	97502
GWIX	97503
GWIX	97504
GWIX	97505
GWIX	97506
GWIX	97510
GWIX	97517
GWIX	97522
GWIX	97525
GWIX	97527
GWIX	97530
GWIX	97531
GWIX	97532
GWIX	97533
GWIX	97535
GWIX	97537
GWIX	97539
GWIX	97540
GWIX	97541
GWIX	97542
GWIX	97543
GWIX	97544
GWIX	97546

SALT CAR LEASING COMPANY

By: 

GWI RAIL MANAGEMENT CORPORATION

By: 

5. Lessor's Inspection. Lessor shall at any time during business hours have the right to enter into and upon any premises where Equipment may be located for the purpose of inspecting such Equipment or observing its use. Lessee shall give Lessor immediate notice of any legal attachment or other judicial process affecting any Equipment and shall, whenever requested by Lessor, advise Lessor of the exact location of all Equipment.

6. Alterations. Without the prior written consent of Lessor, Lessee shall not make any alterations, additions or improvements to Equipment except (i) alterations, additions or improvements required by federal or state laws or regulations and (ii) reconditioning of any of the cars as provided in paragraph 39 of the Lease. All additions and improvements of whatsoever kind or nature shall belong to and become the property of Lessor when made.

7. Loss, Theft and Damage. ~~Lessor~~ <sup>Lessee</sup> hereby assumes and shall bear the entire risk of loss, theft and damage to Equipment from any and every cause whatever. No loss, theft or damage to Equipment or any part thereof shall impair any obligation of Lessee under the Lease which shall continue in full force and effect except as provided in paragraph 7(c) of the Lease.

In the event of loss, theft or damage of any kind to any Equipment, Lessee shall promptly notify Lessor of such loss, theft or damage and, at Lessor's option, shall:

(a) place such Equipment in good repair, condition and working order; or

(b) replace such Equipment with like equipment in good repair, condition and working order and furnish to Lessor any necessary documents vesting good and marketable title thereto in Lessor unencumbered by any lien or security interest; or

(c) if Lessor determines in the event that such Equipment is lost, stolen, destroyed or damaged beyond economical repair, pay to Lessor in cash or in immediately available funds an amount equal to the depreciated value of such Equipment determined in accordance with the rules of the Association of American Railroads (the "Depreciated Value"). Rents will be due and payable on the scheduled rent due date between the Date of Loss and the date payment of the Depreciated Value is received by Lessor. In the event that payment is received by Lessor on a date not corresponding to a scheduled rent due date, Lessee shall be entitled to the refund, provided no event of default has occurred and is continuing, of a portion of the current month's rent received by Lessor which shall be calculated by dividing the monthly



rent by the number of calendar days in the month and multiplying the result by the number of days remaining between the date payment of the Depreciated Value is received by Lessor and the last calendar day of the month. Upon such payment, the Lease shall terminate with respect to Equipment so paid for and Lessee shall thereupon become entitled to such Equipment as is, where is without warranty, express or implied, with respect to any matter whatsoever.

Lessee shall provide Lessor with a periodic report (no less frequently than quarterly) of the status of all lost, stolen, destroyed or damaged Cars.

8. Insurance.

Lessee shall:

(a) maintain, or cause any sub-lessee to maintain, liability and casualty and property damage insurance with responsible insurance companies in the amounts and against such risks as is customarily maintained by similar businesses operating in the same vicinity and cause Lessor to be named as co-insured on any such insurance policies;

(b) file with Lessor upon its request copies of all such insurance policies then in effect; and

(c) within thirty (30) days after notice in writing from the Bank, obtain such additional insurance on such railroad cars as the Bank may reasonably request, provided such additional insurance is of a type customarily maintained by similar businesses operating in the same vicinity as Lessee.

9. Encumbrances and Taxes. Lessee shall keep Equipment free and clear of all levies, liens, and encumbrances and shall pay all license fees, registration fees, assessments, charges and taxes (municipal, state and federal) which may now or hereafter be imposed upon the ownership, leasing, renting, sale, possession or use of Equipment, excluding, however, all taxes on or measured by Lessor's net income; provided, however, Lessor acknowledges and consents to the following lease agreements pertaining to the Cars:

(a) Lease Agreement dated July 31, 1986 between GWI Rail Management Corporation and International Salt Company.

10. Lessor's Payment. In case of failure of Lessee to procure or maintain such insurance or to pay such fees, assessments, charges and taxes or to keep Equipment in good repair, condition and working order, all as hereinbefore specified, Lessor shall have the right, but shall not be obligated, to effect such insurance or pay such fees,

assessments, charges and taxes or place and keep Equipment in good repair, condition and working order, as the case may be. In that event, the cost thereof shall be repayable by Lessee to Lessor with the next installment of rent, and failure to repay the same shall carry with it the same consequence, including interest at twenty-one percent (21%) per annum, as failure to pay any installment of rent when due.

11. Warranties. Lessor makes no warranties or representations, express or implied, as to any matter whatsoever, including, without limitation, the condition of Equipment, its merchantability or its fitness for any particular purpose, and, as to Lessor, Lessee leases Equipment "as is". Lessee acknowledges that Lessor has not made any such warranties or representations and that Lessee has selected both the Equipment and the seller or sellers thereof.

12. Indemnity. Lessee shall indemnify Lessor against, and hold Lessor harmless from, any and all claims, actions, suits, proceedings, costs, expenses, damages and liabilities, including attorneys' fees, arising out of, connected with, or resulting from the manufacture, selection, delivery, possession, use, operation or return of Equipment excluding any liability arising out of Lessor's action or failure to act after Lessor has taken possession of the Equipment.

13. Default. Any of the following events or conditions shall constitute an event of default under the Lease:

(a) nonpayment of any rent or other amount provided for in the Lease or any Schedule for ten (10) days after written notice to Lessee that the same is past due, whether by acceleration or otherwise, or written notice to Lessee that default by Lessee in the performance of any other obligation, term or condition of the Lease;

(b) if any writ or order of attachment or execution or other legal process is levied on or charged against any or all Equipment and is not released, satisfied or fully bonded in such a way as to prevent interference with Lessor's ownership or Lessee's right to possess and use the Equipment within thirty (30) days;

(c) the making of any general assignment by Lessee for the benefit of creditors; the appointment of a receiver or trustee or custodian for Lessee or for any of Lessee's assets; or the institution by or against Lessee of any other type of liquidation, reorganization or insolvency proceeding (including any proceeding under the Bankruptcy Code or otherwise) or of any formal or informal proceeding for the dissolution or liquidation of, settlement of claims against or winding up of affairs of Lessee;

(d) the occurrence of any event described in paragraph 13(c) of the Lease with respect to any guarantor or any other party liable for payment or performance of the Lease; or

(e) if any certificate, statement, representation, warranty or audit furnished before or after the date of execution and delivery of the Lease by or on behalf of Lessee or any guarantor or other party liable for payment or performance of the Lease, pursuant to or in connection with the Lease, proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified, or to have omitted any substantial contingent or unliquidated liability or claim against Lessee or any such guarantor or other party; or if upon the date of execution of the Lease or any Schedule, there shall have been any materially adverse changes in any of the facts disclosed by any such certificate, statement, representation, warranty or audit, which change shall not have been disclosed to Lessor at or prior to the time of such execution.

#### 14. Remedies.

(a) Upon the happening of any event of default under the Lease, Lessor may, at its sole election and without demand or notice of any kind; (i) declare due, sue for and recover from Lessee an amount equal to the sum of all rent and other amounts due and owing under the Lease plus the present value of all rent and other amounts to become payable by Lessee under the Lease, computed at an interest rate agreed upon by Lessor and Lessee plus liquidated damages equal to a percentage of the total cost of the Equipment to Lessor agreed upon by Lessor and Lessee; (ii) take possession of any or all Equipment, wherever located; (iii) terminate the Lease as to any or all Equipment; and (iv) pursue any other remedy at law or in equity.

(b) Neither the Lease nor any interest therein is assignable or transferable by operation of law.

(c) In the event Equipment is repossessed by or surrendered to Lessor, Lessor may sell, lease or otherwise dispose of such Equipment.

15. Concurrent Remedies. No right or remedy conferred in the Lease upon or reserved to Lessor is exclusive of any other right or remedy therein or provided or permitted by law or equity, but each shall be cumulative of every other right or remedy given under the Lease or existing at law or in equity at the time of the execution and delivery of the Lease or thereafter or by statute or otherwise, and may be enforced concurrently therewith or from time to time.

16. Lessor's Expenses. Lessee shall pay Lessor all costs and expenses, including attorneys' fees, incurred by Lessor in exercising any of its rights or remedies under the Lease or enforcing any of the terms, conditions, or provisions thereof.

17. Assignment. Without the prior written consent of Lessor, Lessee shall not:

(a) assign, transfer, pledge or hypothecate the Lease, Equipment or any part thereof, or any interest therein or

(b) sublet or lend Equipment or any part thereof; provided, however, Lessor acknowledges and consents to the lease agreements described in paragraph 9 of the Lease.

Consent to any of the foregoing prohibited acts applies only in the given instance, and is not a consent to any subsequent like act by Lessee or any other person.

Subject always to the foregoing, the Lease inures to the benefit of, and is binding upon, personal representatives, successors and assigns of the parties hereto.

18. Ownership. Equipment is, and shall at all times be and remain, the sole and exclusive property of Lessor, and Lessee shall have not right, title or interest therein or thereto except as expressly set forth in the Lease.

19. Personal Property. Equipment is, and shall at all times be and remain, personal property notwithstanding that Equipment or any part thereof may be at the time of the execution and delivery of the Lease, or thereafter become, in any manner affixed or attached to, or embedded in, or permanently resting upon, real property or any building thereon, or attached in any manner to what is permanent by means of cement, plaster, nails, bolts, screws or otherwise.

20. Late Charges. If Lessee fails to pay any part of the rent or other amounts provided for in the Lease or any Schedule when due, whether by acceleration or otherwise, Lessee shall, on Lessor's demand, pay interest at the rate of twenty-one percent (21%) per annum on such delinquent payment from the due date thereof until the date such rent or other payment is received by Lessor together with a service charge of \$5.00.

21. Payments and Offset. Under the Lease, Lessee waives any and all existing and future claims and offsets against any rent or other payments due or to become due thereunder, and agrees to pay such rent and other payments regardless of any defense, offset or claim which may be asserted by Lessee or in its behalf.

22. Waiver. No covenant or condition of the Lease can be waived except by the written consent of Lessor. Forbearance or indulgence by Lessor in any regard whatsoever shall not constitute a waiver of the covenant or condition to be performed by Lessee of such covenant or condition, Lessor shall be entitled to invoke any remedy available to Lessor under the Lease or by law or in equity despite such forbearance or indulgence.

Under Lessee's failure to perform any of its duties hereunder, Lessor may, but shall not be obligated to, perform any or all such duties, and Lessee shall pay an amount equal to the expense thereof to Lessor forthwith upon demand by Lessor.

23. Additional Documents. If Lessor shall so request, Lessee shall execute and deliver to Lessor such documents as Lessor shall deem necessary or desirable for purposes of recording or filing to protect the interest of Lessor in the Equipment.

24. Amendments. The Lease and any Schedule shall not be amended, altered or changed except by a written agreement signed by Lessor and Lessee.

25. Notices. Service of all notices under the Lease shall be sufficient if given personally or mailed to the party involved at its respective address hereinafter set forth, or at such address as such party may provide in writing from time to time. Any such notice mailed to such address shall be effective when deposited in the United States mail, duly addressed and with postage prepaid.

26. Gender; Number. Whenever the context of the Lease requires, the neuter gender includes the masculine or feminine, and the singular number includes the plural. Whenever the word Lessor is used in the Lease, it shall include all assignees of Lessor. If there is more than one Lessee named in the Lease, the liability of each shall be joint and several.

27. Titles. The titles to the paragraphs of the Lease are solely for the convenience of the parties, and are not an aid in the interpretation of the instrument.

28. Time. Time is of the essence of the Lease and each and all of its provisions.

29. Liquidated Damages. Lessor and Lessee agree that any amount which Lessor may recover from Lessee under paragraphs 7(c) or 14(a)(i) of the Lease represents liquidated damages or loss of bargain and not a penalty.

30. Governing Law and Consent to Jurisdiction. The Lease has been executed and delivered in the State of New York and such execution and delivery shall be deemed to be the transaction of business within the State of Lessee and Lessor for purposes of the Lease and the rights and obligations of the parties under the Lease shall be construed and interpreted in accordance with the laws of the State of New York. The parties agree that any action or proceeding arising out of or relating to the Lease may be commenced in the State Supreme Court or other appropriate State court in the county, or in the District Court of the United States in the district, in which Lessor shall have its principal office in the State of New York and each party agrees that a summons and complaint commencing an action or proceeding in any such Court shall be properly served and shall confer personal jurisdiction if served personally or by registered mail to it at its address hereinafter set forth or as it may provide in writing from time to time, or as otherwise provided under the laws of the State of New York.

Lessee: GWI Rail Management Corporation  
3846 Retsof Road  
Retsof, New York 14539

Lessor: Salt Car Leasing Company  
157 Milton Road  
Rye, New York 10580

31. Lessee's Representations. Lessee represents and warrants that:

(a) Lessee is a duly organized, validly existing corporation and in good standing under the laws of the State of New York; is duly licensed or qualified to do business in all jurisdictions necessary to carry out the transactions contemplated by the Lease; and has corporate power and authority to own its properties and carry on its business as now conducted.

(b) The execution and delivery of the Lease are within its corporate powers, have been duly authorized by all proper and necessary corporate proceedings and will not contravene any provision of law or of its charter or by-laws of any agreement, indenture or other instrument binding upon it, and the Lease is a valid and binding obligation of Lessee, enforceable, subject to applicable bankruptcy and insolvency laws, against Lessee in accordance with its terms.

(c) No authorizations, approvals, or exemptions of any governmental authority (including but not limited to the Interstate Commerce Commission, and the New York or other state public service commission or equivalent administrative bodies) are required for the execution and delivery of the Lease, for

the validity and enforceability thereof or for the leasing of Cars thereunder; or if any such authorizations are required, they have been obtained and, if such shall be required after the date of the execution and delivery of the Lease, they will be promptly obtained.

(d) No litigation or administrative proceedings are pending or, to the knowledge of Lessee, are threatened against Lessee, the adverse determination of which would affect the validity of the Lease or the rights of Lessor thereunder.

32. Lessee's Covenants. During the Original Term of the Lease and any renewal or renewals thereof, Lessee will:

(a) furnish to Lessor within one hundred twenty (120) days after the end of each of its fiscal years, and as of the end of such year, a copy of Lessee's Parent Corporation's annual audit report prepared and certified by certified public accountants, which audit shall include a balance sheet, operating statement, surplus reconciliation and detailed information with respect to depreciation charges;

(b) furnish to Lessor with each audit required hereby, a certificate by an appropriate officer of Lessee that he knows of no event of default under the terms of the Lease and the occurrence of no event which, with the giving of notice or lapse of time, or both, would constitute such an event of default;

(c) maintain its corporate existence in good standing, and remain or become duly licensed or qualified and in good standing in the jurisdiction in which the conduct of its business requires such license or qualification; and

(d) cause or permit the Cars to be operated only in accordance with applicable laws, treaties, rules and regulations.

33. Use of the Cars. So long as Lessee is not in default under the Lease, Lessee shall be entitled to the possession of the Cars and to the use thereof and shall also be entitled to use or permit the use of the cars in the usual interchange of traffic but only upon and subject to all the terms and conditions of the Lease.

The Lessee agrees that during the term of the Lease, the Lessee will not, without the consent of Lessor, assign any Car to service involving the regular operation and maintenance thereof outside the United States of America.

34. Numbering and Stenciling of Cars. Lessee will keep each Car number with the official identifying number for such Car and will not change any reporting marks on any Car (nor any reporting marks which may be substituted as provided herein) except in accordance with a statement (which statement, when executed by Lessee and consented to by Lessor, shall constitute a supplement to the Lease) of the new reporting marks which shall previously have been delivered to Lessor by Lessee, consented to by Lessor and filed with the Interstate Commerce Commission for recordation in accordance with the Interstate Commerce Act, as amended from time to time, and any rules and regulations issued by such Commission or by any other governmental authority.

Upon request of Lessor, Lessee will place and maintain plainly, distinctly, permanently and conspicuously marked on each side of each Car in a contrasting color in letters not less than 1 inch in height a legend indicating Lessor's ownership of the Cars. During the continuance of the Lease, once such marking is requested and placed on a Car, if any such marking shall at any time be removed, defaced or destroyed on any Car, Lessee shall not allow the name of any other person, association or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by anyone other than Lessor; provided, however, that for Lessee's convenience, Cars may be lettered with the name, initials or insignia customarily used by Lessee on other railroad cars of the same or similar type.

35. Filing. Prior to commencement of the Original Term of the Lease, Lessee will, at its sole expense, cause a memorandum of the Lease, any assignment of monies due and to become due thereunder to be duly filed, registered or recorded in conformity with Section 11303 of the Interstate Commerce Act, and in such other place or places within the United States as Lessor may request for the protection of its title and will furnish Lessor proof thereof. Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of protecting Lessor's title to the Cars to the satisfaction of Lessor's counsel or for the purpose of carrying out the intention of the Lease and, in connection with any such action, will deliver to Lessor proof of such filings and an opinion of Lessee's counsel that such action has been properly taken. Lessee will pay all costs, charges and expenses incident to the filing in conformity with Section 11303 of the Interstate Commerce Act and incident to any other filing, re-filing, registering, re-registering, recording, and re-recording of any such instrument or incident to the taking of any such action.



36. Certification of Lessor. Lessee shall furnish to Lessor on or before the first of March in each year, commencing in 1988, and on such other date or dates as Lessor may from time to time, reasonably request, a certificate executed by an Officer of Lessee:

(a) setting forth as of a recent date (not exceeding ninety (90) days preceding the date of such statement): (i) the reporting marks number of the Cars then subject to the Lease; (ii) the identifying road numbers of all Cars which have become lost, destroyed, damaged beyond economical repair or taken by eminent domain; (iii) the identifying road numbers of all Cars being repaired or awaiting repairs; and

(b) stating (i) that all Cars then subject to the Lease have been kept in good order and repair and ready for service, or, if such be the case, are then being repaired in accordance with Section 39 of the Lease; (ii) that the ownership stencil placed on the Cars as required by paragraph 34 of the Lease has been preserved or restenciled on each side of each Car in accordance therewith; (iii) that no person's association's or corporation's name or identifying markings, other than Lessee's, Lessee's assignee or Lessor's, have been placed on any of the Cars; and (iv) that Lessee has complied with all laws, rules and regulations respecting the use and operation of each Car pursuant to paragraph 41 of the Lease.

(c) stating the condition of the Cars.

37. Return of Equipment. Upon the expiration of the term of the Lease or if Lessor shall terminate the Lease pursuant to paragraph 14 thereof, Lessee shall forthwith deliver possession of the Cars to Lessor. For the purpose of delivering possession of any Car to Lessor as above required, Lessee shall at its own cost, expense and risk (except as hereinafter state):

(a) Place each Car in such reasonable storage tracks on Lessee's lines of railroad as Lessor may designate or, in the absence of such designation, as Lessee may select; and

(b) Permit Lessor to store such Car in reasonable storage tracks on Lessee's lines of railroad for a period not exceeding ninety (90) days at the risk of Lessee in the event the Lease shall terminate pursuant to paragraph 14 thereof and at the risk of Lessor upon the expiration of the term of the Lease.

Lessee agrees to provide Lessor with such notices, reports, schedules, including affidavits, with respect to the delivery of each of the Cars to the designated storage tracks, as Lessor may reasonably request.

The assembling, delivery, storage and transporting of the Cars as hereinbefore provided are of the essence of the Lease, and upon application to any court of equity having jurisdiction in the premises, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver, store and transport the Cars.

During any storage period, Lessee will permit Lessor or any person designated by it, including the authorized representatives of any prospective purchaser of any such Cars to inspect the same.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this paragraph, Lessee irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Cars to Lessor, to demand and take possession of any such Car in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Car. Lessee by authorizing Lessor to take possession of the Cars does not waive any rights, if any, which Lessee may have against Lessor with respect to claims of shippers having goods or merchandise in the Cars at the time of such retaking.

38. Late Return. In the event any Cars are not available to Lessee because of the usual interchange of traffic with other railroads or otherwise on the termination date of the Lease, the Lease shall continue in force and effect in respect to such Cars as a lease from day to day for such period as may be reasonably necessary to complete redelivery of such Cars to the location designated by Lessor pursuant to paragraph 37, provided, however, that Lessee shall be unconditionally obligated to complete redelivery of such Cars not later than sixty (60) days after said termination date of the Lease. The rental payable with respect to each Car until it is redelivered to Lessor shall be on a per diem basis at the same rental rate which was in effect at the time of the termination of the Lease.

39. Maintenance and Repairs. Lessee shall promptly notify Lessor upon receipt by Lessee of knowledge of any substantial damage to any of the Cars. Lessor agrees to maintain and repair the Cars including the lining, except as hereinafter provided. Lessee shall not repair or authorize the repair of any of the Cars without Lessor's prior written consent, except that running repairs (as specified in the Association of American Railroads Rules for Interchange) may be performed without prior written consent. The amount Lessor will pay for such running repairs shall not be in excess of the basis, in effect at the time the repair is made, provided by the Association of American Railroads.

40. Compliance with Laws and Regulations. Lessee shall comply with all applicable treaties and agreements between the United States and foreign governments and all applicable laws, rules and regulations of federal, state and other governmental authorities (including, without limitation, rules and regulations of the Interstate Commerce Commission and the Association of American Railroads) respecting the use, operation and maintenance of the Cars during the term of the Lease. If such treaties, agreements, laws, rules or regulations require any alteration of the Cars, Lessee will conform therewith, at its expense, and will maintain the Cars in proper condition for operation thereunder; provided, however, that Lessee may, in good faith, contest the validity manner which does not, in the opinion of Lessor, adversely affect Lessor's property or rights.

41. Lessee's Purchase Option. Upon termination of the Lease, Lessee shall have the right to purchase all of the Cars from Lessor for fair market value which shall not exceed an amount per car agreed upon by Lessor and Lessee. Lessee must purchase all of the Equipment under the Lease and must notify Lessor of its intent to exercise its option by October 31, 1991.


\* \* \*

C. It is expressly understood and agreed that this Memorandum of Lease is not intended to recite in full all of the provisions of the Lease, or to supersede or in any manner amend or modify the Lease or the respective rights, obligations and duties of the parties under the Lease, but said Lease and all and singular terms, covenants and conditions thereof shall continue and remain in full force and effect in all respects as though this Memorandum of Lease had not been executed.

IN WITNESS WHEREOF, the parties hereto have executed this Memorandum of Lease as of the date first set forth above.

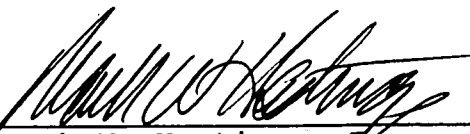
SALT CAR LEASING COMPANY, as Lessor

By:

  
Mortimer B. Fuller, III

GWJ RAIL MANAGEMENT CORPORATION

By:

  
Mark W. Hastings, Treasurer